13th November 1991

Confidential

Final

MINUTES

OF THE 258th MEETING OF THE COMMITTEE OF GOVERNORS

OF THE CENTRAL BANKS OF THE MEMBER STATES

OF THE EUROPEAN ECONOMIC COMMUNITY

HELD IN BASLE ON TUESDAY, 10th SEPTEMBER 1991 AT 9.45 a.m.

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I. Approval of the minutes of the 257th meeting

The Committee approved the minutes of the 257th meeting.

II. Monitoring of economic and monetary developments and policies in the EEC based on:

- Preparation by the Foreign Exchange Policy Sub-Committee (Monitoring);
- Statistical charts and tables;
- An updated version of the note on "Recent developments in public finance and policy implications", prepared by the Monetary Policy Sub-Committee;
- a note on the implications of an unbalanced policy mix, prepared by the Economic Unit.

1. Statement by Mr. Saccomanni, Chairman, Foreign Exchange Policy Sub-Committee (Monitoring)

The Monitoring Group had underlined the successful role played by the concerted interventions conducted in July and August in influencing the trend of the exchange rate of the US dollar vis-à-vis European currencies, although different objectives had been pursued in each of the two episodes.

On 12th July 1991 the aim had been to stem the rise of the dollar in the aftermath of the decision by the Deutsche Bundesbank to leave its monetary policy unchanged. Three factors had been identified as determining the success of the intervention: firstly, there had been prior consultation among potential participants; secondly, the timing of action had been well chosen and its impact amplified by the simultaneous entry of all participants into the market; thirdly, the Federal Reserve had participated. The Monitoring Group had agreed that the participation of the central bank issuing the targeted currency was an essential prerequisite for engendering the desired response of market participants.

On 19th August 1991 the aim had been to restore calm to disorderly markets following the attempted coup in the Soviet Union. The Bank of Japan had agreed to participate at the request of the Deutsche Bundesbank and it had opened the round of dollar interventions. These had been followed immediately by similar action on the part of European central banks, leading the market to expect round-the-clock intervention. By the opening of the US market tensions had eased and no intervention had been necessary by the Federal Reserve.

Apart from concerted interventions, a number of economic factors had also influenced market sentiment about the dollar: firstly, the evolution of interest differentials between the United States and Germany, especially since the market expected a further cut in the discount rate by the Federal Reserve; secondly, recent data on the US economy had raised doubts about the strength and scope of the recovery; thirdly, financing a forecast US budget deficit of approximately US$ 300 billion, at declining interest rates, had dampened expectations of a strong dollar. The Monitoring Group did not therefore regard the present dollar market as being in stable equilibrium.

With regard to the Japanese yen, the Monitoring Group had noted that the Japanese economy had been slowing, particularly as a result of the decline in the economic activity of medium-sized domestic companies. There had been indications that the Japanese banking system, negatively affected by a depressed stock market and by scandals, had begun to ration credit to the economy, thereby raising fears of a possible credit crunch. The relaxation of the present relatively tight monetary policy stance was regarded as necessary by market participants. At the same time, the Bank of Japan appeared to be concerned that a discount rate cut might weaken the yen, thus giving rise to pressure on prices and promoting export growth further at a time when Japan had been recording growing trade surpluses with the United States and Europe.

The economic and political events of the summer had had little effect on the ERM. The increases in official interest rates by the Deutsche Bundesbank had been expected by the markets and had enhanced the credibility of the anti-inflationary stance of German monetary policy. Although in some countries the move by the Deutsche Bundesbank had been followed, in other countries interest rates had been left unchanged or had been lowered.

The Monitoring Group had identified two areas of potential concern to the ERM. Firstly, the external trade position within the Community: as the locomotive effect of German unification weakened, a more traditional pattern of trade surpluses and deficits might reappear. Secondly, concern had been expressed regarding the budgetary performance of a large number of Community countries; competition for additional funds would put pressure on capital markets with inevitable repercussions on interest rates and exchange rates.

2. Statement by Mr. Rey, Chairman, Committee of Alternates

The Alternates had been in broad agreement with the analysis of Mr. Saccomanni. With regard to US dollar intervention, it had not been so easy to obtain the agreement of the US Treasury in July; once obtained, however, the ensuing interventions had proved extremely effective in achieving the desired objective.

It was noted that German official rates had been increased, not with the aim of pushing up market rates, but as a signal of the firm anti-inflationary resolve of the Deutsche Bundesbank. Interest rates had also been raised in some countries where price pressures existed. Other countries, however, had maintained their official rates or even, in a few cases, had moved in the opposite direction.

Such differentiated policy responses had been appropriate in the present circumstances and had proved fully consistent with the flexibility afforded within the margins of the ERM. It had been widely recognised, however, that the scope for such differentiation had been rather narrow, and, indeed, that it would become even more so with time, given the markets' perception of ERM commitments.

Therefore, the Alternates had welcomed the interesting note from the Economic Unit on the implications for Community countries of an unbalanced policy mix. The basic thrust of this note had been fully endorsed. The note had argued that fiscal imbalances, combined with ERM obligations, had placed significant constraints on the conduct of monetary policy, both in countries with a lax fiscal policy and in partner countries. The observed deterioration of the public finance indicators in 1990 in the Community and the worsening prospects for 1991 were a matter of serious concern. The Alternates had shared these conclusions and had reaffirmed the need to revert to a fiscal consolidation throughout the Community; the rather weak cyclical position should not delay this process of adjustment.

The deterioration in public finance in the Community had been well-documented in the updated report by the Monetary Policy Sub-Committee on "Recent developments in public finance and policy implications". The 1991 outlook might even be a little worse than had been described in the report, as fiscal developments in Greece seemed to be much less favourable than targeted. The text would be adjusted to reflect these disturbing developments.

On a procedural point regarding the transmission of this report the Alternates wished to remind the Governors that the informal ECOFIN meeting later this month would provide an excellent opportunity for calling the attention of Ministers to the main findings of the Committee. An oral statement to be made by the Chairman of the Committee of Governors would be prepared to that effect.

III. Adoption of the Committee's report to the EEC Ministers of Finance on developments on the foreign exchange markets of the nineteen countries participating in the concertation procedure during July and August and the first few days of September 1991

The Committee adopted the report, which would be sent to the EEC Ministers of Finance in the usual way.

IV. Economic and Monetary Union

1. Statement by Mr. Baer

Mr. Baer reported on the previous day's IGC meeting at ministerial level, at which the transitional provisions regarding Stages Two and Three of EMU had been discussed. Four points arising from these discussions might be of particular interest to the Governors.

Firstly, the Dutch Presidency had said that its proposals for draft transitional Articles were of a technical nature but did not yet constitute a political proposal. Secondly, it had been suggested that a paper might be prepared, possibly addressed to the Heads of State, which could identify those areas on which there was agreement, and place brackets around matters about which there was disagreement. Thirdly, two IGC delegations had called for a mandate to be given to the Committee of Governors to complete the transitional provisions in the draft Statute. There had been no reaction to this suggestion from other delegations or from the Presidency. Finally, in his presentation to the Ministers, the Chairman of the personal representatives, Mr. Maas, had said that the statute of the proposed European Monetary Institute (EMI) would be drafted by the Presidency in consultation with the Chairman of the Committee of Governors.

On the last point, the Chairman said that he would not serve as an adviser to the Presidency and that consultation should be with the Committee of Governors rather than with its Chairman.

2. Statement by Mr. Rey, Chairman, Committee of Alternates

The Alternates had focused their discussion on the substance of the Dutch Presidency's proposals and on the contribution, if any, which the Governors could usefully make to the IGC in this respect.

The exact interpretation of the passage of the Rome Communiqué on the nature of the institution to be set up at the beginning of Stage Two had continued to divide central banks. As long as this point could not be settled it would be difficult to envisage a useful collective contribution from the Committee of Governors. An unfortunate result of this situation might be that the Committee would be left on the sidelines. The Alternates had therefore explored other possible avenues. One approach would be to start with an examination of the monetary functions required for Stage Two in order to see whether these tasks had implications on which central banks could agree.

While it was unclear whether such an approach could succeed in narrowing down the differences of views between central banks, the Alternates would be prepared to embark on such work, if it were the wish of the Governors.

3. Statement by Mr. Delors, President, European Commission

Mr. Delors presented a summary and assessment of the present state of the negotiations at the two IGCs.

He noted that at the recent Inter-Institutional meeting with members of the European Parliament many national delegations, and practically all the MEPs, had shown great hostility to the possibility of a "two-speed Europe".

At the ministerial IGC meeting, the Chairman, Mr. Kok, had submitted four questions to his colleagues. The first one was whether the Ministers were prepared to confirm that 1st January 1994 would be the date at which Stage Two would begin, subject - and this applied to all four questions - to the general reservation expressed by the United Kingdom's delegation. Eleven delegations had agreed to this. The second question was whether it was agreed that a European Monetary Institute should be set up at the beginning of Stage Two. Ten delegations had been generally in favour of this while two had taken a more negative stance. The third question was whether Ministers would accept three principles that had been proposed concerning the move to Stage Three, namely, "no veto, no lock-out, no compulsion". Mr. Delors said that these three principles had been confirmed. The final question was whether delegations agreed that there should be a period of transition for those countries unable to fulfil all the convergence criteria by the beginning of Stage Three. There had been unanimous agreement on this, which seemed to indicate that the "two-speed" approach proposed in the Presidency's non-paper was no longer supported.

Mr. Kok had drawn the following conclusions from the meeting. Firstly, subject to the general reservation of the United Kingdom, there was agreement on the date of 1st January 1994 for moving to the next stage. Secondly, the idea of setting up a European Monetary Institute was very widely supported. Thirdly, the possibility of the "co-existence" of the European Monetary Institute and the European Central Bank had been left open. Fourthly, with regard to the criteria for moving to Stage Three, the choice had not yet been made between criteria which would be precise and verifiable, or criteria which could be assessed politically.

Turning to the discussion on Political Union, Mr. Delors said that there were a number of unresolved issues. Firstly, while there was general agreement that a common foreign policy should be developed, the form in which this policy would be determined remained controversial. The discussion on a common defence policy had come to a standstill. It seemed that an Article would be added to the Treaty stating merely that the Community might have a common defence policy. Secondly, views differed with regard to the extension of powers of the Community. There was a possibility that qualified majority voting would be extended to areas such as research and technology, and infrastructure. Thirdly, economic and social cohesion remained a very difficult issue. At the last meeting of the European Council Mr. Delors had made a presentation which had satisfied the Heads of Government of Ireland, Portugal, Greece and Spain but the possibility could not be discounted that some governments would request that this question be dealt with in the context of the Treaty. He felt that it would be better if this issue were not raised at the IGC on Economic and Monetary Union, where it would overburden the negotiations on other difficult and unresolved issues.

Finally, there was the question of decision-making procedure and democratic accountability. Some countries felt that the European Council should lay down the guidelines for economic policy while others were in favour of attributing this role to ECOFIN. With regard to democratic accountability, there was a great difference of opinion between countries, particularly concerning a process for joint decision-making by the Parliament and the Council and the possibility of the European Parliament rejecting a decision taken by the Council. With regard to the future structure of the Community, eight countries were in favour of a single Community, three were very much against, and one was undecided.

In conclusion, Mr. Delors said that his greatest worries concerned the overall effectiveness of the system; the ultimate compromise might produce a system in which the European Central Bank, with its total independence, would be able to act very quickly, while its economic counterpart might operate according to very slow procedures, and would therefore not be able to take the decisions which would make for balance between Economic Union on the one hand and Monetary Union on the other.

4. Discussion by the Committee

The Committee thanked the speakers for their contributions, in particular Mr. Delors, whose statement was of help in understanding the present state of the negotiations.

Mr. Ciampi said he believed that the institution to be established at the beginning of 1994 should be the ECB, although its functions would be more limited than in Stage Three. Chapter IX of the Statute therefore needed to be drafted. He did not support the establishment of an EMI at the start of Stage Two, but if there was wide agreement at a political level to do so, the Committee of Governors should be involved in preparing the statute of such an institution. Mr. de Larosière said that he was in full agreement with Mr. Ciampi.

Mr. Duisenberg expressed agreement with the proposal of the Dutch Presidency to establish an EMI on 1st January 1994. Although not all central banks might support the creation of an EMI, the Committee should nonetheless seek to draft the EMI's statute since somebody would do so in any case and that could leave the Committee of Governors on the sidelines.

Following further discussion, which revealed a difference of opinion about whether the draft Statute of the ESCB would be a good basis for the statute of the institution proposed by the Dutch Presidency, the Chairman said that there appeared to be broad agreement that the Alternates should be asked to prepare a paper on the functions of a Community monetary institution in Stage Two. The Alternates' work should be carried out on the basis of the assumption that no transfer of monetary sovereignty would take place in Stage Two.

The Committee agreed with this proposal. The Chairman noted that a special meeting of the Committee might be necessary in late October to discuss Stage Two and other transitional issues.

Mr. de Larosière said that the Banque de France would co-operate in defining the appropriate functions of a monetary institution in Stage Two, although he would reserve his position with regard to the preparation of a statute of a European Monetary Institute to be created at the start of Stage Two.

V. Discussion on recent developments in the field of prudential supervision

1. Statement by Mr. Jaans

The Bank of Credit and Commerce International Group (BCCI) had been incorporated in Luxembourg in 1972 as a joint venture between Arab shareholders and Bank of America, the latter shareholding being phased out by the end of the 1980s.

During the 1970s BCCI had expanded rapidly to reach a total of forty-three branches each in the United Kingdom and the Middle East by 1977. At its peak BCCI had had approximately four hundred offices and branches in seventy-three countries, had employed 13,700 people and had had about thirty participations. Since the Tampa drug money laundering indictment in the United States in 1988, BCCI had experienced operating losses; the group had subsequently been streamlined and 2,000-3,000 employees had been dismissed. This had led to some resentment which, in turn, might have helped to destroy its culture and to unearth some of its fraudulent activities. In April 1990 the Abu Dhabi shareholding had increased from 30% to 77%.

The following supervisory issues were relevant. Firstly, BCCI's rapid growth had occurred during a time when consolidated supervision was not a commonly used supervisory tool and when the regulatory environment was generally very liberal. Secondly, no significant business had been undertaken in either Luxembourg or Grand Cayman, where BCCI's two main operating arms were licensed. Thirdly, BCCI had had no natural political home and, because of its reputation, no one host authority had been prepared to provide a domicile for the group.

Prior to the Tampa indictment, BCCI had given the impression of being a reasonable success, although this was now known to have been based on fraud. It had had clean audits and capital increases had been made from time to time. There had also been growth in balance sheet volumes and human resources. The shareholders had made good the options and futures losses incurred in 1985 and had provided guarantees and capital following the operating losses in 1988 and 1989. The responsible attitude of the shareholders had thus presented the supervisors with a rather comforting picture.

Turning to supervisory efforts, an attempt had been made by the Luxembourg authorities between 1983 and 1985 to bring the group under consolidated supervision. However, with only about sixty-five BCCI staff members and just 1% of its deposit base under the jurisdiction of the Luxembourg authorities, this effort had largely failed owing to the poor co-operation of the group and lack of juridical hold. During this period two special reports had been commissioned by the Institut Monétaire Luxembourgeois and these had been prepared by the external auditors. The first, following a credit review by Ernst & Whinney, had concluded that provisions were on average adequate and credit risks normal. The second, by Price Waterhouse, on the treasury function following the options losses, had concluded that there were some shortcomings in the organisation of the treasury but that there was nothing alarming. However, as a consequence of this latter report, a new treasury chief was hired by BCCI.

The next phase of supervision had been the college approach, which had been conceived with the help of the late Huib Muller. There were three ingredients to the college concept, which was based on provisions set out in the 1983 Basle Concordat: firstly, actively to encourage BCCI to incorporate its business locally wherever it was of significant size; secondly, to elaborate and impose on BCCI rules with regard to intra-group relations, the aim being to create a structure where the risks of a bushfire would be reduced; thirdly, to meet at regular intervals to exchange information on and appraisals of the group and to discuss all relevant matters with BCCI and its auditors. The third of these was the only one which had been implemented, with two college meetings convened each year.

Following the take-over of 77% of the capital of the State of Abu Dhabi in April 1990 the Institut Monétaire Luxembourgeois had formally requested the group, in June 1990, to restructure itself within twelve months so as to be incorporated wherever it conducted its business. BCCI had embarked on this in conjunction with its auditors and the college, and also bilaterally with those central banks, including the Bank of England, which were directly concerned with the restructuring.

The proposed plan had three poles: European, based in London; Middle Eastern, based in Abu Dhabi; Far Eastern, based in Hong Kong around the existing local affiliate. That process had been well underway when

Price Waterhouse's report indicating fraud was produced. Although there had been indications in the past that there might have been certain transactions involving improprieties, Price Waterhouse's report had revealed that fraud had been an intrinsic part of BCCI's management. This had made it impossible to envisage a restructured organisation along the lines previously being considered.

2. Discussion by the Committee

Mr. Leigh-Pemberton said that there was probably little to add to Mr. Jaans' very perceptive analysis of the history of BCCI except that it obviously raised the question of the need to identify the main issues carefully and then determine what action should be taken. Some of the issues clearly had a global significance and the G-10 supervisory group was already taking these forward. There might be some issues which had a particular relevance for countries in the Community and their supervisors; there might even be some issues which were unique to the Community. It was pertinent to ask whether current, and above all, prospective EC supervisory arrangements would prevent a repetition of the BCCI situation. His personal view was that this was likely to be so, as the nature of supervision had changed enormously since BCCI's inception. However, it should not be assumed that a repetition of the BCCI case could not occur, since situations were never identical.

A number of questions would need to be addressed. For example, would the present range of EC Directives relating to the supervision of banks and other financial institutions introduced in the context of the single European market really prevent the re-emergence of a structure such as BCCI? Was an agreement needed between Member States governing the closure of banks operating in different EC countries? Ought governments to be encouraged to work on the harmonisation of legal procedures governing the liquidation and winding up of a bank operating in several EC jurisdictions? Mr. Leigh-Pemberton suggested that the best allocation of tasks and liaison that could be achieved would be that between the Banking Supervisory Sub-Committee chaired by Mr. Quinn and the parallel G-10 Basle Committee on Banking Supervision, chaired by Mr. Corrigan. Mr. Quinn should be invited to make contact with Mr. Corrigan with a view to co-ordinating the efforts of their respective committees. That would be to an extent a formality since Mr. Quinn was already a member of Mr. Corrigan's committee. Mr. Leigh-Pemberton suggested that the Committee of Governors should formalise this for the future formulation of EC supervisory interests.

Referring to the nature of the fraud uncovered by the recent Price Waterhouse report, Mr. Leigh-Pemberton said that for many years BCCI had been operating a "bank within a bank" which had first come to light when one of BCCI's employees had disclosed that around US$ 600 million of deposits had not passed through the books of the group. When the nature of those deposits had been pursued, it had transpired that not only had deposits not been recorded, but loans had not been recorded in the main books either. There had been a core of people at the top of the group responsible for the management of such transactions who had kept them secret from a large part of the group's staff. It was an open question how many members of staff had known what was going on. It was now known that some of these transactions had been used to cover up normal banking losses which had occurred in previous years, but it also seemed clear that many had been related to very considerable loans where there had probably been a tacit understanding that these need never be repaid.

Mr. Jaans then brought the Committee up to date on the current strategy of the provisional liquidators, Touche Ross, which had been discussed at a meeting held recently between Touche Ross and representatives of the main supervisors of BCCI. Touche Ross were trying to sell off as many of BCCI's thirty participations as they could, selling at a symbolic price if necessary, and mobilising guarantees from the majority shareholders for the benefit of the new owners. The aim was to bring the group's size down from around US$ 20 billion to around US$ 10 billion, so as to reduce the potential difficulty of realising loan assets that would be faced in any future liquidation. Of the remaining US$ 10 billion, some US$ 1-2 billion of assets were in the form of Treasury bills, interbank balances and US mortgage-backed securities. There were also promissory notes, the legal status of which still required clarification and was under negotiation, which had been provided by the Government of Abu Dhabi. These amounted to another US$ 4 billion. In a reasonably optimistic liquidation scenario, available funds might amount to between US$ 2 and 6 billion. Mr. Jaans stressed that this information should be treated with the utmost confidentiality since the status of the promissory notes was one item of a complicated set of negotiations which were currently in train.

Mr. Rubio emphasised that progress must be made in order to solve potential problems of the kind highlighted by the BCCI case in future. Recognising that improvements had been made to supervision over the years, he noted that some problem areas still existed, particularly in respect of liquidations where better legal instruments were required.

VI. Ecu clearing

1. Statement by Mr. Padoa-Schioppa, Chairman, Ad Hoc Working Group on EC payment systems

Mr. Padoa-Schioppa reported that the letter he had sent to the Chairman of the Committee of Governors constituted an interim report on the examination of the ecu clearing system. Three measures had been suggested in this letter. The first would be to invite the Ecu Banking Association to conduct a legal and technical audit of the system; the second would be to ask the Association to implement limits on bilateral and multilateral exposures, as well as a loss-sharing agreement; the third concerned liquidity facilities, such as those proposed by the Banque de France and the Bank of England. The Group felt that these measures should be implemented quickly in order to improve the compliance of the system with standard 4 of the "Lamfalussy Report" ("multilateral netting systems should, at a minimum, be capable of ensuring the timely completion of daily settlements in the event of an inability to settle by the participant with the largest single net debit position").

Technical analysis of the proposed liquidity facilities had already been carried out by the Foreign Exchange Policy Sub-Committee a year ago and it had been made clear that they neither provided new liquidity for the system nor entailed any "lender of last resort" type of function. The recent setting up of a "recycling facility" under the aegis of the BIS was felt to be insufficient because it was limited to ecu 215 million, whereas the net debit positions of individual participants could relatively frequently reach ecu 1 billion.

The letter had also mentioned that the Group envisaged studying the possibility of setting up a collective liquidity facility, which could replace those that had been proposed by individual central banks.

2. Statement by Mr. Rey, Chairman, Committee of Alternates

There had been broad agreement among the Alternates that the first two proposals made by the Chairman of the Ad Hoc Working Group should be approved, and it had been recognised that the implementation of liquidity facilities by individual central banks was a step that these central banks would undertake on their own responsibility. However, full agreement had not been reached on the appropriateness of the study of a collective facility: several Alternates had supported it but one had questioned the need for such a study, as he was of the view that it was up to the Ecu Banking Association to determine ways and means of remedying the inefficiencies of the present clearing system.

3. Discussion by the Committee

Mr. Schlesinger expressed reservations with regard to the last proposal mentioned in the letter. He stressed his preference for self-sanctioning mechanisms and was particularly reluctant to agree to the idea of giving any guarantee to the ecu clearing system that the Deutsche Bundesbank was not willing to give to domestic payment systems.

Mr. Rey reminded the Committee that it was only requested to agree to such a study being carried out; it would not be committed to implementing any of the recommendations.

Mr. Schlesinger asked what new points were to be studied.

Mr. Padoa-Schioppa explained that the current proposals of the Banque de France and the Bank of England were not identical and that a study was necessary to see how they could be converted into a common facility which would avoid unnecessary competition among central banks. He mentioned that this common facility might possibly be implemented through the BIS.

Mr. Schlesinger said that he would prefer to avoid opening another round of discussions on this subject, as it might well lead to nothing.

Mr. de Larosière said that the Banque de France had had a mechanism ready for the last eighteen months and that, in any event, this would be implemented without further delay.

The Chairman asked whether the purpose of the study was to develop a system run by the BIS, or to standardise the existing facilities.

Mr. Padoa-Schioppa explained that he could not predict exactly how the debate within the Working Group would develop.

Mr. Ciampi and Mr. Leigh-Pemberton were of the opinion that the Ad Hoc Working Group should not be prevented from completing its work and that the Committee should then be invited to give its opinion on the outcome.

The Chairman concluded that the majority of members wished Mr. Padoa-Schioppa and his Group to continue their work and, without prejudice to the final decision, to report their findings to the Committee.

VII. Chairmanship of the Committee

The Committee elected Mr. Hoffmeyer as Chairman to serve for the remainder of the previous Chairman's term. A press communiqué would be issued.

VIII. Other matters falling within the competence of the Committee

1. Appointment of professional members of the Secretariat

The Committee approved the appointment of Mr. Stone as Mr. Giles' successor, and the extension of Mr. Guiomard's appointment to July 1992.

2. Expenses incurred on behalf of the Committee in the second quarter of 1991

Mr. Hoffmeyer reported that the second quarter's expenditure had been below that estimated, but that estimates would be exceeded during the latter part of the year. The Financial Committee had decided that cost estimates should be made when work was commissioned by the Committee, including the creation of additional sub-groups. It was stressed that existing Sub-Committees should exercise restraint in the setting-up of sub-groups since these were expensive to maintain and would render it very difficult for the Secretariat, at its present staff level, to provide adequate secretarial support.

3. CEBAMAIL

Mr. Rey reported that the Committee of Alternates had discussed the Bourguignon Group's report on CEBAMAIL, and reminded the Committee that the Group's mandate had been to guide the implementation of CEBAMAIL.

The Group's technical appraisal of the state of implementation of this project had concluded that, from a strictly technical point of view, CEBAMAIL now worked satisfactorily although teething problems with regard to user-friendliness and compatibility had been experienced. Further work needed to be done on the system in order to secure independence from the supplier.

The Committee of Alternates had endorsed the recommendations made by the Group and had agreed on an enhancement period of six months, during which time the system would be upgraded. Mr. Robert Sleeman of the Bank of England would be in charge of co-ordinating the system's development and implementation during this period. The costs of this phase, estimated at ecu 163,000, would be shared among the central banks.

4. Informal ECOFIN meeting

The Chairman said that the Committee members would receive a draft of his statement prior to the forthcoming informal meeting of ECOFIN.

5. Possible filming of the opening of a meeting of the Committee of Governors

The Chairman said that a television unit from the EC Commission had approached the BIS with a request to film the opening of a meeting of the Committee of Governors. This request formed part of an overall plan by the Commission to record work undertaken by EC bodies and how various tasks were fulfilled.

Mr. Baer said that, although he had not spoken to Mr. O'Donnell, the television co-ordinator at the Commission, his understanding was that any film made would be used as archive material and would appear on television to accompany news broadcasts concerning the Community central banks or the Committee of Governors.

Mr. Leigh-Pemberton questioned whether the Committee wished its work to be given a higher profile.

Mr. de Larosière said that the Banque de France did not allow its Board Meetings to be filmed.

It was agreed that the Committee should decline this request.

IX. Date and place of next meeting

The next meeting of the Committee of Governors would take place in Basle on Tuesday, 12th November 1991, starting at 9.30 am.

258th MEETING OF THE COMMITTEE OF GOVERNORS

10th SEPTEMBER 1991

Those present were:

Chairman of the Committee of Governors	Mr. Hoffmeyer
Banque Nationale de Belgique	Mr. Verplaetse Mr. Rey* Mr. Michielsen
Danmarks Nationalbank	Mr. Hansen
Deutsche Bundesbank	Mr. Schlesinger Mr. Tietmeyer
Bank of Greece	Mr. Chalikias Mr. Papademos Mr. Karamouzis
Banco de España	Mr. Rubio Mr. Linde Mr. Durán
Banque de France	Mr. de Larosière Mr. Lagayette Mr. Cappanera
Central Bank of Ireland	Mr. Doyle Mr. Coffey Mr. Reynolds
Banca d'Italia	Mr. Ciampi Mr. Dini Mr. Santini
Institut Monétaire Luxembourgeois	Mr. Jaans
Nederlandsche Bank	Mr. Duisenberg Mr. Szász
Banco de Portugal	Mr. Tavares Moreira Mr. Borges Mr. Bento
Bank of England	Mr. Leigh-Pemberton Mr. Crockett Mr. Foot
Commission of the European Communities	Mr. Delors Mr. Pons
Chairman of the Foreign Exchange Sub-Committee	Mr. Saccomanni
Chairman of the Ad hoc Working Group on Payment Systems	Mr. Padoa-Schioppa
Secretariat of the Committee of Governors	Mr. Baer Mr. Giles Mr. Godeffroy

* Chairman of the Committee of Alternates